

Lesson 21.1 Understanding Entrepreneurship

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- T 1. One of the important reasons people start their own business is to have the freedom to do work that they enjoy and to take responsibility for the success or failure of the business.
- F 2. Anyone who owns a business is considered to be an entrepreneur.
- T 3. Over 10 percent of the working population in the United States is self-employed.
- T 4. Small businesses make up over 97 percent of all businesses in the United States.
- F 5. An advantage of entrepreneurship is that the owner typically works fewer hours than does the average employee in a business.
- T 6. Most entrepreneurs start their first business while still working for another company.
- F 7. Most entrepreneurs do not want their businesses to grow to the point where they have to hire additional employees.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- D 8. Someone who takes the risk to start a new business is known as
 - A. a small business owner
 - B. an investor
 - C. a franchisor
 - D. an entrepreneur
- D 9. Entrepreneurs start which type of businesses?
 - A. production
 - B. manufacturing
 - C. retail and service
 - D. all of the above
- D 10. Which of the following statements is true about small businesses in the United States?
 - A. They employ more than 50 percent of all non-government employees.
 - B. They provide over 75 percent of all new jobs.
 - C. They are responsible for over half of all goods and services produced.
 - D. All of the above are correct.

Activity 1 • The Stories of Entrepreneurs

Directions: Many entrepreneurs have started with a small dream that became a success story that impacted the lives of many investors, employees, and consumers. Well-known entrepreneurs include Henry Ford, Bill Gates, Madame C.J. Walker, Levi Strauss, Russell Simmons, Ben Cohen, Jerry Yang, Margaret Rudkin, John H. Johnson, Richard Branson, Andrew Carnegie, and Oprah Winfrey, among others. Select two entrepreneurs—one who started a business more than 50 years ago and one who started a business in the past 20 years. Use the library or Internet to gather information on each entrepreneur to answer the following questions. If possible locate a picture of the entrepreneur and his or her product or business.

Answers will vary.

Entrepreneur: _____ Product or Business: _____

Date of birth: _____ Year the first business was started: _____

Brief personal history and personal characteristics: _____

Description of the business and its history: _____

Impact on the industry, economy, and consumers: _____

Personal philosophy about business and entrepreneurship: _____

Entrepreneur: _____ Product or Business: _____

Date of birth: _____ Year the first business was started: _____

Brief personal history and personal characteristics: _____

Description of the business and its history: _____

Impact on the industry, economy, and consumers: _____

Personal philosophy about business and entrepreneurship: _____

Lesson 21.2 Characteristics of Entrepreneurs

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- T 1. With the desire and will, almost anyone can become an entrepreneur.
- F 2. The typical entrepreneur enjoys team activities and cooperates well with others.
- T 3. You can be a small business owner without being an entrepreneur.
- T 4. Business experience is an important part of preparing to become a successful entrepreneur.
- T 5. Most of the people who start successful businesses today have completed high school and often have one or more college degrees.
- T 6. Entrepreneurs often work for another company for many years before starting their own businesses.
- T 7. Many entrepreneurs suffered one or more business failures before they became skilled business people.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

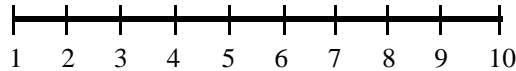
- D 8. To become a successful entrepreneur, your academic preparation should include
 - A. technological skills
 - B. communication skills
 - C. math skills
 - D. all of the above
- B 9. Some companies now ask employees to sign legal agreements that they will not
 - A. develop new product or service ideas for the business
 - B. start a business from an idea developed on the job
 - C. use training received on the job to prepare to become an entrepreneur
 - D. all of the above
- D 10. The informal code of conduct regarding acceptable online behavior is known as
 - A. blogging
 - B. instant messaging
 - C. business etiquette
 - D. netiquette

Activity 1 • Preparing for Entrepreneurship

Directions: Every entrepreneur is a unique individual, even though he or she may share common characteristics. Rate yourself on a scale of 1 (low) to 10 (high) for the entrepreneurial characteristics listed below and explain why you have given yourself that rating.

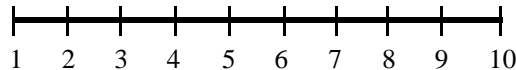
Answers will vary.

Focused and goal oriented:



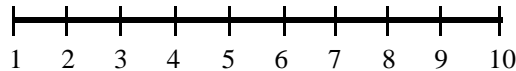
Explanation: _____

Risk taking:



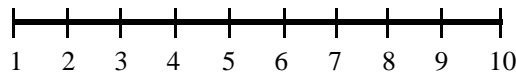
Explanation: _____

Desire to achieve:



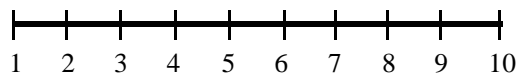
Explanation: _____

Independence:



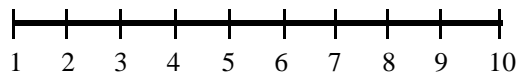
Explanation: _____

Self-confidence:



Explanation: _____

Creativity:



Explanation: _____

Number of items rated 1–5 _____ Number of items rated 6–10 _____

What specific things can you do while in high school to prepare for entrepreneurship?

Lesson 21.3 Business Ownership Opportunities

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- T 1. Entrepreneurship includes business opportunities as diverse as farming and fitness centers.
- T 2. Each of the marketing functions provides entrepreneurship opportunities
- F 3. Consumer credit provides small value loans to people who cannot qualify for traditional bank loans.
- T 4. Businesses that provide security services for other companies are related to the marketing function of risk management.
- T 5. It is important for an entrepreneur to choose a business that he or she likes and has the interests and skills to operate successfully.
- F 6. It actually reduces the chances for business success if an entrepreneur identifies a target market before starting a new business.
- F 7. A new business will have the greatest chance of success if it offers similar products to those already offered by successful competitors.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- B 8. Retailers and wholesalers are marketing businesses because they
 - A. earn a profit
 - B. participate in the exchange process between producers and consumers
 - C. actually create products and services
 - D. all of the above
- A 9. A promotional approach that encourages people to pass along marketing messages through word of mouth, creating a rapid dissemination of information is known as
 - A. viral marketing
 - B. virus marketing
 - C. Internet marketing
 - D. word-of-mouth promotion
- B 10. A new business will have difficulty competing with existing businesses unless those businesses
 - A. have more customers than they want
 - B. have weaknesses in their operations or marketing strategies
 - C. begin offering new products or services
 - D. reduce their prices

Activity 1 • Turning Skills into Businesses

Directions: Many skills can be turned into a unique business. Complete the following table. Describe a unique business that can be created from the skill identified on the left. Identify which of the businesses are marketing businesses by writing yes or no in the last column.

Answers will vary.

Skill	Unique Business	Marketing or Not?
Drawing		
Research		
Physical Fitness		
Computer Skills		
Speaking		
Teaching		
Poetry		
Fishing		
Math		

Activity 2 • Comparing the Competition

Directions: Select a business that you visit frequently. Assume you want to establish a business that will compete with the existing business. Answer the following questions to aid you with your planning.

Answers will vary.

Strengths of the existing business: _____

Weaknesses of the existing business: _____

How your target market will be similar or different: _____

How your marketing mix will be similar or different: _____

Lesson 21.4 Legal Needs for Entrepreneurs

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- F 1. Since entrepreneurs are the sole owners of their businesses, they must organize as a proprietorship.
- F 2. The corporation is the most common form of business ownership, with over three-quarters of all businesses organized in this way.
- T 3. Banks are more likely to loan money to partnerships than to proprietorships.
- T 4. A corporation is able to operate as if it were a person in that it can borrow money, enter into contracts, and is liable for its decisions and actions.
- F 5. With a corporation an entrepreneur should always take responsibility for day-to-day management activities.
- F 6. Businesses formed by entrepreneurs do not need to file for patents, trademarks, or copyrights.
- T 7. An entrepreneur risks failure if he or she does not seek legal advice when starting a new business.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- A 8. A legal document that specifies the responsibilities and financial relationships of the partners is a(n)
 - A. partnership agreement
 - B. charter
 - C. ownership agreement
 - D. business plan
- C 9. Advantages of a corporation include
 - A. if money is owed, there is no need to pay the debt
 - B. most states do not require a charter to be filed
 - C. the business continues to operate even if one owner decides to sell his or her stock
 - D. owners do not have to provide any money in order to start the business
- D 10. Legal steps for starting a business include
 - A. register the name of your new business
 - B. prepare to collect and report all local, state, and federal taxes
 - C. obtain financing for purchases and business operations
 - D. all of the above

Activity 1 • Business Names Have Meaning

Directions: The name of a business can create an image for potential customers. Create a name for each business described in the table below. Provide a brief description of why you believe the name is particularly appealing to the specific target market.

Answers will vary.

Description	Name	Why is it appealing?
Offers in-home puppy training for families with small children		
Provides interior decorating services for new homeowners on a low budget		
Creates ice sculptures for weddings, parties, and other celebrations		
Provides unique exterior paint jobs for used cars to fit the owner's personality		
Offers personalized vacation planning to out-of-the-way parts of the world		
Offers emergency online homework help for middle school and high school students		

Activity 2 • Public Corporations from Small Businesses

Directions: Many corporations were started by entrepreneurs but are now large publicly traded companies in which you can invest. Use an online service that provides company descriptions and investment information. Choose a publicly traded company that was started by an entrepreneur and answer the following questions.

Answers will vary.

Name of company: _____ Name of founder: _____

Stock symbol: _____ Current stock price: _____ Year high and low: _____

Product or service: _____ Location of company headquarters: _____

Web site for company: _____

Reasons to invest in the company: _____

Reasons not to invest: _____

Lesson 21.5 Developing a Business Plan

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- T 1. Entrepreneurs should have help readily available when problems are encountered and decisions must be made.
- T 2. The business plan contains the information used and the initial decisions made to manage each of the major areas of a business.
- F 3. A business plan is helpful only to the entrepreneur and not other people involved in starting the business.
- F 4. A business plan should not be provided to the employees of a business.
- F 5. A business plan is more effective if it contains a general outline of business operations rather than specific decisions for each part of the business.
- T 6. A business plan should include projected financial statements including income statements, cash flow projections, and balance sheets.
- F 7. The first step in preparing a business plan is to develop a one- or two-page executive summary.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- D 8. Every business plan should contain
 - A. a description of the sources of financing
 - B. a description of the type of competition the business will face
 - C. a description of employees the business will need
 - D. all of the above
- A 9. A business plan should be provided to
 - A. investors and the company's bankers
 - B. customers
 - C. major competitors
 - D. all of the above
- D 10. The executive summary of a business plan provides
 - A. a detailed description of all business activities
 - B. complete financial projections
 - C. a resume of the business owner
 - D. highlights of the major planning decisions

Activity 1 • Summarizing a Business Plan

Directions: Choose a business you would like to start. Assume you have already prepared a detailed business plan for your new company. Answer each of the following questions to provide information that would be included in a two-page executive summary.

Answers will vary.

Name of business: _____ Location: _____

Description of products and services: _____

Name(s) of owner(s): _____

Form of ownership: _____

Key business objectives: _____

Major strengths: _____

Main weakness: _____

Current economic environment: _____

Main competitors: _____

Description of target market: _____

Main/unique needs of the target market: _____

Major activities of the organization: _____

Important resources needed: _____

Staffing requirements: _____

Description of marketing mix: _____

Important startup costs: _____

Other financial resources needed: _____

Sources of financing: _____